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313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213)240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective health
care to Los Angeles County residents
through direct services at DHS facilities
and through collaboration with
community and university partners.*



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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

21 July 31, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

July 31, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO EQUIPMENT MAINTENANCE AND
REPAIR SERVICES AGREEMENT WITH PARATA SYSTEMS, LLC.
(ALL DISTRICTS)
(3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION
()
DISAPPROVE ()**

SUBJECT

Request approval of an amendment to extend the existing Agreement for equipment maintenance and repair services with Parata Systems, LLC, for the Department of Health Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director, or his designee, to execute Amendment No. 1 to Agreement H-702976 with Parata Systems, LLC. (Parata), effective upon execution, to extend the term of the Agreement for the period of September 1, 2012 through August 31, 2013, for the provision of equipment maintenance and repair services for the automated outpatient pharmaceutical dispensing systems at LAC+USC Medical Center (LAC+USC MC), Rancho Los Amigos National Rehabilitation Center, Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK MACC), El Monte Comprehensive Health Center, H. Claude Hudson Comprehensive Health Center, Hubert H. Humphrey Comprehensive Health Center (Humphrey CHC), Long Beach Comprehensive Health Center, Mid Valley Comprehensive Health Center, and

Edward R. Roybal Comprehensive Health Center (Roybal CHC), at the current rate, with a maximum obligation of \$380,286 for the extended one-year term.

2. Delegate authority to the Director, or his designee, to amend the above-mentioned Agreement to increase the total maximum obligation by no more than 40 percent to add equipment coming off warranty, add Department of Health Services' (DHS) facilities, and address emergency or unanticipated equipment maintenance and repair service needs.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will allow the Director, or his designee, to execute an amendment to the Agreement with Parata, substantially similar to Exhibit I, for one year to continue the provision of maintenance and repair services of the automated outpatient pharmaceutical dispensing systems. The one-year extension will allow additional time to finalize negotiations with the vendor for the replacement of existing equipment and to assess future needs. The existing Agreement is scheduled to expire on August 31, 2012.

DHS fills over four million outpatient prescriptions per year. The Parata automated prescription dispensing system can process more than 150 prescriptions per hour by using the workflow dispensing method, which has three processes – imaging, packing, and filling. This system is also designed to use a bar-coded maintenance system to ensure accuracy and virtually eliminate the potential for human error. By using this system, the pharmacists can focus their time on providing counseling to patients on medication use and improving patient awareness and safety when using prescription medications.

DHS typically contracts with the Original Equipment Manufacturer (OEM) to ensure that the equipment, which often uses proprietary technology, performs in accordance with manufacturer specifications and complies with all accrediting and licensing agencies' requirements, including The Joint Commission. Parata is an OEM, and the software is proprietary.

Approval of the second recommendation will allow the Director, or his designee, delegated authority to amend the Agreement to increase the annual maximum obligation up to 40 percent, if necessary, to cover equipment coming off warranty, to add DHS facilities, and to cover critical emergency or unforeseen needed repair services. DHS believes that the 40 percent increase in annual maximum obligation is appropriate since adding even a few pieces of equipment or facilities to the Agreement may use up the added funding provided under the 40 percent increase allotment. This increase will ensure that the facilities are able to continue to provide critical pharmaceutical dispensing services and do not in any way jeopardize patient safety.

In accordance with Board Policy 5.120, on July 17, 2012, DHS provided the Board with the required two-week advance notice prior to this Board meeting with detailed justification of its intent to request a delegation of authority to increase the maximum obligation by 40 percent.

Implementation of Strategic Plan Goals

The recommended actions support Goal 3, Integrated Services Delivery, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total maximum obligation for the one-year extension for equipment maintenance and repair services is \$380,286. The estimated cost for each facility is identified in Attachment A.

The total potential increase under the 40 percent delegated authority for the one-year extension is \$152,114 and would be funded using existing resources.

Funding is included in DHS' Fiscal Year 2012-13 Recommended Budget and will be included, as necessary, in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On August 21, 2007, the Board approved a sole-source Agreement for maintenance and repair services of the automated outpatient pharmaceutical dispensing systems with Parata for the period of September 1, 2007 through August 31, 2012 for LAC+USC MC, MLK MACC, Humphrey CHC, and Roybal CHC, and delegated authority to DHS Director to add DHS facilities when their equipment warranties expired.

The Agreement contains all of the Board's required provisions. The County may terminate the Agreement with 180 days prior written notice. DHS has determined that this Agreement is not a Proposition A agreement because the services provided are intermittent and highly specialized. Therefore, the County's Living Wage Program (County Code Charter 2.201) does not apply.

County Counsel has reviewed and approved Exhibit I as to form. The Chief Information Officer reviewed the Amendment and recommends approval (Attachment B).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure the availability of critical maintenance and repair services for automated outpatient pharmaceutical dispensing systems at various DHS facilities.

Respectfully submitted,

Handwritten signature of Mitchell H. Katz in black ink.

Mitchell H. Katz, M.D.

Director

Reviewed By:
Handwritten signature of Richard Sanchez in black ink.

RICHARD SANCHEZ

Chief Information Officer

MHK:jec

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DEPARTMENT OF HEALTH SERVICES

PARATA SYSTEMS, LLC

Agreement No. H-702976

Equipment Preventive Maintenance and Repair Services

Fiscal Year (FY) Summary

DHS Facilities	FY 2012-13 (9/1/2012 - 6/30/2013)	FY 2013-14 (7/1/2013 - 8/31/2013)	Total
LAC+USC Medical Center	\$81,155	\$16,231	\$97,386
El Monte Comprehensive Health Center	\$33,783	\$6,757	\$40,540
Edward R. Roybal Comprehensive Health Center	\$33,407	\$6,681	\$40,088
H.D. Hudson Comprehensive Health Center	\$29,267	\$5,853	\$35,120
Rancho Los Amigos National Rehabilitation Center	\$21,852	\$4,370	\$26,222
Martin Luther King, Jr. - MACC	\$18,204	\$3,641	\$21,845
H.H. Humphrey Comprehensive Health Center	\$35,696	\$7,139	\$42,835
Long Beach Comprehensive Health Center	\$34,866	\$6,973	\$41,839
Mid Valley Comprehensive Health Center	\$28,676	\$5,735	\$34,411
Total	\$316,906	\$63,380	\$380,286



RICHARD SANCHEZ
CHIEF INFORMATION OFFICER

Office of the CIO
CIO Analysis

NUMBER:

CA 12-17

DATE:

06/25/12

SUBJECT:

**APPROVAL OF AMENDMENT TO EQUIPMENT MAINTENANCE AND REPAIR SERVICES
AGREEMENT WITH PARATA SYSTEMS, LLC.**

RECOMMENDATION:

☒ Approve☐ Approve with Modification☐ Disapprove

CONTRACT TYPE:

☐ New Contract☐ Sole Source☒ Amendment to Contract #: H-702976☐ Other: Describe contract type.

CONTRACT COMPONENTS:

☐ Software☒ Hardware☐ Telecommunications☒ Professional Services

SUMMARY:

Department Executive Sponsor: Mitchell H. Katz, M.D.

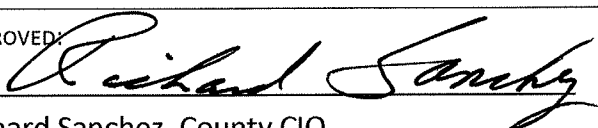
Description:

Department of Health Services (DHS) is requesting authorization to: 1) execute Amendment Number One to Agreement H-702976 with Parata Systems, LLC. (Parata) to extend the Agreement for one year (September 1, 2012 through August 31, 2013) for the provision of equipment maintenance and repair services for the automated outpatient pharmaceutical dispensing systems deployed at the Department's medical facilities; and 2) delegate authority to DHS' Director to amend the Agreement to increase the total maximum obligation by no more than 40 percent to add equipment coming off warranty, add facilities, and address unanticipated needs.

This Amendment will enable the continuation of these services, while DHS develops and negotiates an agreement to replace existing hardware that is no longer supported by vendor and evaluate integration with planned acquisition and implementation of the Electronic Health Record (EHR) system.

Contract Amount: **\$380,286**Funding Source: **DHS FY 2012-13 Adopted Budget**☐ Legislative or Regulatory Mandate☐ Subvened/Grant Funded: Enter %

Strategic and Business Analysis	<p>PROJECT GOALS AND OBJECTIVES:</p> <p>This project is a key component of the DHS strategy to ensure pharmacy standardization and EHR integration.</p>
	<p>BUSINESS DRIVERS:</p> <p>This Amendment provides one additional year of equipment maintenance and repair services to allow time to develop a pharmacy equipment strategy and ensure compatibility with the planned DHS EHR.</p>
	<p>PROJECT ORGANIZATION:</p> <p>This Agreement is managed by DHS Pharmacy Affairs and includes business and technology stakeholders at each facility.</p>
	<p>PERFORMANCE METRICS:</p> <p>Successful dispensation of pharmaceuticals to patients.</p>
	<p>STRATEGIC AND BUSINESS ALIGNMENT:</p> <p>The PARATA project is aligned with the Department's goal to improve patient care.</p>
	<p>PROJECT APPROACH:</p> <p>This is an amendment to an existing agreement in support of a proven process until a replacement system is in place.</p>
	<p>ALTERNATIVES ANALYZED:</p> <p>No other alternatives were considered. Parata is the Original Equipment Manufacturer (OEM) and the equipment software is proprietary.</p>
Technical Analysis	<p>ANALYSIS OF PROPOSED IT SOLUTION:</p> <p>The Amendment will continue maintenance and support for Parata AccuMed cabinets and Pharmacy 2000 workflow software used for counting and dispensing pharmaceuticals. Approximately 67 of these AccuMed cabinets are located throughout DHS' facilities and are based on older technology that is no longer supported by the vendor.</p>

Financial Analysis	<p>BUDGET:</p> <p>Contract costs</p> <p>One-time costs:</p> <table> <tr> <td>Hardware</td><td>\$ N/A</td></tr> <tr> <td>Software.....</td><td>\$ N/A</td></tr> <tr> <td>Services</td><td>\$ N/A (Installation & support)</td></tr> </table> <p>Ongoing annual costs:</p> <table> <tr> <td>Hardware</td><td>\$ N/A</td></tr> <tr> <td>Software.....</td><td>\$ N/A</td></tr> <tr> <td>Services</td><td>\$ 380,286</td></tr> <tr> <td>Sub-total Contract Costs:</td><td>\$ 380,286</td></tr> </table> <p>Other County costs: N/A</p> <p>Total one-time costs: \$ N/A</p> <p>Total ongoing annual costs: \$ 380,286</p>	Hardware	\$ N/A	Software.....	\$ N/A	Services	\$ N/A (Installation & support)	Hardware	\$ N/A	Software.....	\$ N/A	Services	\$ 380,286	Sub-total Contract Costs:	\$ 380,286
Hardware	\$ N/A														
Software.....	\$ N/A														
Services	\$ N/A (Installation & support)														
Hardware	\$ N/A														
Software.....	\$ N/A														
Services	\$ 380,286														
Sub-total Contract Costs:	\$ 380,286														
Risk Analysis	<p>RISK MITIGATION:</p> <p>This Amendment will ensure the successful operation of automated outpatient pharmaceutical dispensing systems deployed at the Department's medical facilities.</p> <p>The Chief Information Security Officer (CISO) has reviewed the Amendment and did not identify any IT security or privacy related issues.</p>														
CIO Approval	<p>PREPARED BY:</p> <table> <tr> <td>Sanmay Mukhopadhyay</td><td>6/25/12</td></tr> <tr> <td>_____</td><td>_____</td></tr> <tr> <td>Sr. Associate CIO</td><td>Date</td></tr> </table> <p>APPROVED:  <u>7-17-12</u></p> <table> <tr> <td>Richard Sanchez, County CIO</td><td>Date</td></tr> </table>	Sanmay Mukhopadhyay	6/25/12	_____	_____	Sr. Associate CIO	Date	Richard Sanchez, County CIO	Date						
Sanmay Mukhopadhyay	6/25/12														
_____	_____														
Sr. Associate CIO	Date														
Richard Sanchez, County CIO	Date														

Please contact the Office of the CIO (213.253.5600 or info@cio.lacounty.gov) for questions concerning this CIO Analysis. This document is also available online at <http://ciolettranet.lacounty.gov/>

PREVENTIVE MAINTENANCE AND REPAIR SERVICES AGREEMENT

AMENDMENT NO. 1

This Amendment is made and entered into this ____ day of _____, 2012 by and between the COUNTY OF LOS ANGELES (hereafter "County"), and PARATA SYSTEMS, LLC (hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled, "PREVENTIVE MAINTENANCE AND REPAIR SERVICES AGREEMENT", dated September 1, 2007, and further identified as County Agreement No. H-702976 thereto (hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to extend the term and make the changes described hereinafter; and

WHEREAS, Agreement provides that changes in accordance with Paragraph 16, ALTERATION OF TERMS, shall be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective upon execution.
2. Schedule 1 shall be replaced by Schedule 1 (Effective September 1, 2012), attached hereto and incorporated herein by reference. Wherever Schedule 1 is referenced, it shall now be deemed to reference Schedule 1 (Effective September 1, 2012).
3. Paragraph 1, TERM, shall be deleted in its entirety and replaced with the following:

"1. TERM: The term of this Agreement shall commence on September 1, 2007, and shall continue in full force and effect up to and including August 31, 2013, unless sooner canceled or terminated as provided herein. The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise an Agreement term extension option."

4. Paragraph 5, MAXIMUM OBLIGATION OF COUNTY, Subparagraph B, shall be deleted in its entirety and replaced with the following:

“B. The maximum obligation of County for all services provided hereunder shall not exceed Three Hundred Eighty Thousand, Two Hundred Eighty-Six Dollars (\$380,286) annually, or the period of September 1, 2012 through August 31, 2013.”
5. Subparagraph C shall be added to Paragraph 5, MAXIMUM OBLIGATION OF COUNTY, to read as follows:

“C. During the term of this Agreement, the Director, or his designee, may amend this Agreement if additional maintenance and repair services are needed and may annually adjust the maximum obligation by no more than forty percent (40%) of the total maximum obligation to add equipment coming off warranty, add Department of Health Services facilities, and address emergency or unanticipated equipment maintenance and repair services.”
6. Paragraph 8, GENERAL INSURANCE REQUIREMENTS, Subparagraph A, Evidence of Insurance, Section (3), shall be deleted in its entirety and replaced with the following:

“(3) Contractor shall provide County with, or Contractor’s insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Agreement, in the sole discretion of the County, upon which the County may suspend or terminate this Agreement.”
7. Paragraph 8, GENERAL INSURANCE REQUIREMENTS, Subparagraph C, Failure to Maintain Insurance, shall be deleted in its entirety and replaced with the following:

“C. Failure to Maintain Insurance: Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Agreement. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to

Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.”

8. Paragraph 47, CONTRACTOR’S WARRANTY OF COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to the Agreement’s STANDARD PROVISIONS to read as follows:

“47. CONTRACTOR’S WARRANTY OF COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM: Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles Code Chapter 2.206.”

9. Paragraph 48, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to the Agreement’s STANDARD PROVISIONS to read as follows:

“48. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM: Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 47 - Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.”

10. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by its Director of Health Services, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer, on the day, month and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director of Health Services

PARATA SYSTEMS, LLC
Contractor

Signature

By _____
Printed Name

Title _____

APPROVED AS TO FORM:

OFFICE OF THE COUNTY COUNSEL

SCHEDULE 1**DEPARTMENT OF HEALTH SERVICES**

PARATA SYSTEMS, LLC
Equipment Preventive Maintenance and Repair Services
Effective September 1, 2012 through August 31, 2013

DHS Facilities	Pharmacy 2000 Configuration	AccuMed Cabinets	Annual Cost
LAC+USC Medical Center	18 Image, 11 Fill, 12 Check Stations, 9 Packing Boxes	16	\$97,386
El Monte Comprehensive Health Center	4 Image, 4 Fill, 5 Check Stations, 3 Packing Boxes	10	\$40,540
Edward R. Roybal Comprehensive Health Center	4 Image, 5 Fill, 5 Check Stations, 3 Packing Boxes	10	\$40,088
H.D. Hudson Comprehensive Health Center	3 Image, 3 Fill, 3 Check Stations, 3 Packing Boxes	10	\$35,120
Rancho Los Amigos National Rehabilitation Center	2 Image, 2 Fill, 3 Check Stations, 1 Packing Boxes	5	\$26,222
Martin Luther King, Jr. - MACC	2 Image, 2 Fill, 4 Check Stations, 2 Packing Boxes	0	\$21,845
H.H. Humphrey Comprehensive Health Center	4 Image, 4 Fill, 5 Check Stations, 3 Packing Boxes	12	\$42,835
Long Beach Comprehensive Health Center	4 Image, 4 Fill, 5 Check Stations, 1 Packing Boxes	12	\$41,839
Mid Valley Comprehensive Health Center	4 Image, 3 Fill, 3 Check Stations, 1 Packing Boxes	8	\$34,411
Total			\$380,286

Note: Equipment for Harbor-UCLA and Olive View-UCLA Medical Centers will be added to Agreement once the one-year warranty has expired.
Tentative date of installation is pending.